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Viewing cable 09MANAGUA133, NICARAGUA: PRIVATE SECTOR LEADERS CONTEMPLATE

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Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags [#cablegate](#) and a hash containing the reference ID e.g. [#09MANAGUA133](#).

Reference ID	Created	Released	Classification	Origin
09MANAGUA133	2009-02-03 16:34	2011-08-30 01:44	CONFIDENTIAL	Embassy Managua

Appears in these articles:

<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758456.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758467.aspx>
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<http://www.confidencial.com.ni/articulo/3966/la-ldquo-injerencia-rdquo-de-ee-uu-en-el-2006>
<http://www.nacion.com/2011-05-23/Mundo/Relacionados/Mundo2758764.aspx>
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<http://www.nacion.com/2011-05-16/Mundo/NotasSecundarias/Mundo2757239.aspx>
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<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2746673.aspx>
<http://www.confidencial.com.ni/articulo/3991/dra-yadira-centeno-desmiente-cable-diplomatico-eeuu>
<http://www.confidencial.com.ni/articulo/3968/pellas-pronostico-a-eeuu-victoria-de-ortega-en-2006>
<http://www.confidencial.com.ni/articulo/3967/barreto-era-ldquo-fuente-confiable-rdquo-para-eeuu>

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SUBJECT: NICARAGUA: PRIVATE SECTOR LEADERS CONTEMPLATE
NATIONAL FORUM

Classified By: Classified by Ambassador Robert J. Callahan for reasons
1.4 b & d.

11. (C) Summary. Prominent business leaders and economists convened for the Ambassador's first economic roundtable of the new year on January 28. The primary topic centered squarely on the aftermath of the fraudulent November 9 municipal elections and the way forward for the Nicaraguan private sector and civil society. Business leaders were particularly concerned about the loss of international budget support and a potential decrease in overall donor assistance, including from the United States. Participants decided to brainstorm among themselves and plan a possible forum to broaden the national discussion beyond the parochial interests of President Ortega's Sandinista National Liberation Front (FSLN) and the Constitutional Liberal Party (PLC). Attendees also discussed the negative effects of the global financial crisis on Nicaragua in 2009, but differed on the degree of severity. End Summary.

Municipal Elections

12. (C) The Ambassador reiterated the necessity of resolving the flawed November 9 municipal election results to the satisfaction of all parties as soon as possible. Alejandro Martinez Cuenca (Ortega's FSLN Minister of the Economy in the 1980s, now a successful cigar exporter) said that while he was personally offended by the electoral fraud perpetrated on the Nicaraguan people, terminating the USG's Millennium Challenge Compact (MCC) with Nicaragua would be a grave mistake. The MCC has motivated hundreds of Nicaraguans to climb out of the cycle of poverty and provides hope. Should the USG terminate MCC, he argued, it would hand President Ortega a golden opportunity to politically exploit his rescue of the affected population, and further his political objectives in the Leon and Chinandega departments. Ultimately, Nicaraguans would blame the United States for pulling out, and identify more closely with the FSLN and its Bolivarian Alternative for Americas (ALBA) supporter Venezuela.

13. (C) Ricardo Teran (who represents Kodak and Hewlett Packard here) agreed, noting that somehow the private sector, Nicaraguan civil society and the political opposition must provide the "big picture" to the population to better highlight the country's precarious economic position. Gabriel Solorzano (President BANEX, the nation's largest microfinance institution) stated that to the common man, the

massive fraud perpetrated in the November 9 elections represented Nicaragua's "9-11," and that, as a result, two possibilities exist: Machiavellian stability based on the new "repacto" (a second pact) between the FSLN and former President Arnoldo Aleman, and collapse into near anarchy. Prominent economist and former Finance Minister Eduardo Montiel told the Ambassador that various Nicaraguan politicians favored the latter, as a necessary step to finally uniting the fractured opposition. Solorzano compared Nicaragua's current situation to the late 1980s, when gross economic mismanagement combined with the collapse of the Soviet Union (then Nicaragua's primary economic patron) led to a united opposition able to ultimately remove the Sandinistas from power in 1990.

A National Forum?

14. (C) Julio Cardenas, General Manager of Bancentro, opined that Ortega will never shift his position on the municipal elections. However, the private sector could promote its concerns via a national forum which would include representatives from all segments of society including the government. Another attendee observed that, in reality, Nicaragua is ruled by what might be described as two mafia groups (Ortega's FSLN and Aleman's Constitutional Liberal Party). A national conference could be useful, especially if it highlighted the broader interests of the Nicaraguan citizenry. Participants debated whether or not such a forum should include political parties. Martinez Cuenca added that a key consideration was whether the Ortega regime would react

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to such pressure in a rational way, a primary obstacle to resolving the current crisis.

15. (C) Erwin Kruger, a former Minister of the Economy and Development and President of business federation COSEP, urged roundtable members to meet as soon as possible to iron out the modalities of such a forum. Roundtable members held a breakfast meeting on January 30, and planned to follow up in early February.

Impact of Global Financial Crisis

16. (C) Kruger warned of an economic "tsunami" that would hit Nicaragua in 2009 as a result of the international financial crisis, a domestic political stalemate, and a lack of budget support from foreign donors. When asked if he was predicting an outright economic collapse, Kruger demurred, only replying that Nicaragua's economy would get worse before it gets better. Eduardo Montiel stressed that Nicaraguans at the municipal level do not yet grasp the magnitude of the world crisis. Business leaders should work with more moderate elements of the FSLN, such as Central Bank President Rosales and Presidential Economic Advisor Bayardo Arce, to establish a constructive dialogue.

COMMENT

17. (C) The notion of a national dialogue which includes representatives not only from the private sector and civil society, but also the Catholic Church, strikes us as a worthwhile endeavor. Montiel's proposed strategy for the private sector to work with the FSLN's more moderate Arce and Rosales to counter the economic consequences of the international financial crisis and the decision by donors to suspend budget support in the wake of fraudulent elections makes sense. Unfortunately, the private sector has already reached out to the GON many times with minimal results.

18. (SBU) Roundtable Participants:

--Eduardo Montiel, Professor of Finance, INCAE

(the Central American Business School)

--Gabriel Solorzano, President BANEX (with 60,000 clients, the nation's largest microfinance bank, formerly FINDESA)

--Roberto Bendana, former head of the Competitiveness Commission and President of Cafe Don Paco, a coffee exporter.

--Alejandro Martinez Cuenca, President International Foundation for Global Economic Challenge. Martinez is also an economist, a businessman, an FSLN member, and was Ortega's Minister of the Economy in 1980s.

--Ricardo Teran, President Corporacion Roberto Teran

--Rene Teran, General Manager, Casa Teran (medical and agricultural equipment)

--Julio Cardenas, Executive Director, Bancentro (U.S.-citizen owned bank)

--Joaquim de Magalhaes, General Manager Exxon Mobil

--Erwin Kruger, President, DRACMA
CALLAHAN